

CORRECTED FISCAL NOTE

HB 891 - SB 1642

April 13, 2005

SUMMARY OF BILL: Exempts any person earning less than \$1,500 per year from paying the professional privilege tax.

ESTIMATED FISCAL IMPACT:

On March 16, 2005, we issued a fiscal note which indicated a decrease of state revenues estimated as not significant. Based on additional information provided to us, the estimated fiscal impact of this bill is:

(CORRECTED)

Decrease State Revenues – Exceeds \$2,200,000

Assumptions:

- Professional privilege tax is \$400 per year.
- The \$1,500 level applies to income from any source, not just incomes earned from the specified licensed professions.
- Included among the licensed professionals are out-of state securities agents who make up the largest group of professional privilege tax payers.
- Out-of-state securities agents are responsible for approximately \$22.0 million in professional privilege taxes each year.
- To the extent 10% of out-of-state securities agents derive \$1,500 per year or less of their total income from Tennessee accounts, state revenues would decrease by approximately \$2,200,000 (\$22.0 million X 10% = \$2,200,000) per year.
- To the extent there are other licensed professionals paying the \$400 professional privilege tax *and* they earn \$1,500 per year or less (derived from any source), state revenues would decrease by an amount estimated to exceed \$2,200,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director